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STATE OF INDIANA

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INDIANA UTILITY REGULATORY COMMISSION

DEC 08 2006

**IN THE MATTER OF THE INDIANA)
UTILITY REGULATORY COMMISSION'S)
INVESTIGATION OF MATTERS RELATED)
TO THE CONTINUED BUSINESS)
PRACTICES OF RIVER'S EDGE UTILITY,)
INC., IN THE STATE OF INDIANA)
PURSUANT TO INDIANA CODE 8-1-2-1(A),)
8-1-2-58, 8-1-2-69, 8-1-2-89, et seq.)**

**INDIANA UTILITY
REGULATORY COMMISSION**

CAUSE NO. 43115

PREFILED DIRECT TESTIMONY

OF

CAROLYN STONE

**ON BEHALF OF
RIVER'S EDGE UTILITY, INC.**

RIVER'S EDGE UTILITY, INC.
Charlestown, Indiana

Prefiled Direct Testimony of Carolyn Stone
Cause No. 43115

1 1. Q: PLEASE STATE YOUR NAME AND ADDRESS.

2 A: My name is Carolyn Stone and my business address is 4513 Stoneview Drive,
3 Charlestown, Indiana 47111.

4 2. Q: MRS. STONE, WHAT IS YOUR OCCUPATION?

5 A: My husband, David Stone, and I are the primary shareholders in and operators of
6 River's Edge Utility, Inc. ("River's Edge"), which is the utility at issue in this
7 Cause.

8 3. Q: ARE YOU THE SAME CAROLYN STONE WHO SUBMITTED PREFILED
9 DIRECT TESTIMONY IN CAUSE NO. 42234 ("CAUSE NO. 42234"), THE
10 PETITION OF RIVER'S EDGE COMMUNITY, INC. TO INCREASE ITS
11 RATES AND RECEIVE A PERMANENT CERTIFICATE OF TERRITORIAL
12 AUTHORITY ("CTA")?

13 A: Yes, I am.

14 4. Q: HOW LONG HAS RIVER'S EDGE BEEN PROVIDING SEWER AND
15 WATER SERVICE TO ITS CUSTOMERS?

16 A: For approximately seventeen (17) years.

17 5. Q: HOW MANY CUSTOMERS DOES RIVER'S EDGE SERVE?

1 A: River's Edge currently provides water and sewer service to eleven (11) residential
2 customers and fifty-two (52) campground customers.

3 6. Q: PLEASE EXPLAIN THE DIFFERENCE BETWEEN A "RESIDENTIAL" AND
4 "CAMPGROUND" CUSTOMER.

5 A: River's Edge serves the River's Edge Community (the "Development"). The
6 Development is divided into a residential area ("Residential Area") and a
7 campground area ("Campground Area"). There are thirty-seven (37) lots in the
8 Residential Area, of which only seventeen (17) will receive sewer service from
9 River's Edge. There are seventy-six (76) lots in the Campground Area, each of
10 which either receives or has access to the existing sewer and water facilities at
11 issue in this cause (the "Facilities"). The residential customers receive monthly
12 sewer and water bills each month of the year. The lots in the Residential Area are
13 metered, while those in the Campground Area are unmetered. Campground
14 customers are either part-time or full-time customers. Most campground
15 customers do not reside permanently in the Campground Area and, therefore, are
16 considered part-time and pay based on a six-month occupancy/use. For those
17 campground customers who do use the Facilities in the Campground Area year-
18 round, or for most of the year, they pay additional fees based on their extended
19 use.

20 7. Q: HAS THE DEVELOPMENT ALWAYS BEEN DIVIDED INTO TWO
21 DISTINCT SERVICE AREAS OR TYPES, SPECIFICALLY, RESIDENTIAL
22 AND CAMPGROUND?

1 A: Yes, it has. In fact, the size of River's Edge's existing facilities and the
2 corresponding rates have been established based upon the usage from each
3 distinct service area.

4 8. Q: IN RESPONSE TO QUESTION 11 OF YOUR PREFILED DIRECT
5 TESTIMONY IN CAUSE NO. 42234, YOU DESCRIBED THE MOUND
6 SYSTEM THAT RIVER'S EDGE UTILIZES TO TREAT WASTEWATER.
7 DOES THAT DESCRIPTION OF THE MOUND SYSTEM STILL
8 ACCURATELY DEPICT THE SYSTEM AS IT OPERATES TODAY?

9 A: Yes, it does. There has been no reason to modify the mound system as it has
10 provided safe and adequate service for approximately seventeen (17) years.

11 9. Q: IN CAUSE NO. 42234, DID YOU TESTIFY REGARDING WHETHER
12 RIVER'S EDGE HAD RECEIVED THE NECESSARY APPROVAL TO
13 OPERATE THE SEWER SYSTEM WITHIN THE DEVELOPMENT.

14 A: Yes, I did. On page CS-7, lines 1-4 of that testimony, I indicated that the Indiana
15 State Department of Health ("ISDH") had issued its construction permit approval
16 and that was "the only technical approval necessary for the operation of the sewer
17 system."

18 10. WHAT CONSTRUCTION PERMIT APPROVAL WERE YOU REFERRING
19 TO IN YOUR TESTIMONY?

20 A: It was the ISDH's letter dated August 7, 1989, Approval No. GS-4967 (the
21 "Construction Approval") granting River's Edge a construction permit to build

1 the existing Facilities currently in use at River's Edge. A copy of the
2 Construction Approval is attached hereto as Exhibit CS-1.

3 11. Q: WHEN WAS CONSTRUCTION OF THE FACILITIES COMPLETED?

4 A: In approximately September 1990.

5 12. Q: DID THE ISDH LATER WITHDRAW RIVER'S EDGE'S APPROVAL TO
6 CONSTRUCT NEW FACILITIES IN A LETTER DATED FEBRUARY 28,
7 1995 (the "ISDH LETTER")?

8 A: Yes, it did.

9 13. Q: HAS THE ISDH EVER NOTIFIED RIVER'S EDGE THAT IT NO LONGER
10 HAS THE AUTHORITY TO OPERATE?

11 A: No. In fact, I have had numerous conversations with the ISDH over the past
12 eleven (11) years regarding the operation of our facilities.

13 14. Q: WHAT SPECIFICALLY DID THE ISDH LETTER ADDRESS?

14 A: The ISDH Letter addressed four (4) different items. First, the ISDH Letter
15 incorrectly indicated that there were a total of ninety-eight (98) mobile home and
16 RV camp sites instead of the originally approved seventy-six (76). The
17 Campground Area has never contained more than seventy-six (76) mobile home
18 and RV camp sites that could be connected to the Facilities.

19 Second, because some of the camp sites were allegedly being used as permanent
20 residences, the ISDH maintained the daily wastewater flow assessed for those

1 sites must be increased from 100 gpd to 300 gpd, which would violate the
2 originally approved wastewater load. At the time of the ISDH Letter, all of the
3 owners of campground lots had permanent residences elsewhere and their use of
4 their respective lots should not have been interpreted as "permanent" residences.
5 To the extent any of the campground lots could have been considered a permanent
6 residence, the correct daily wastewater flow assessment would have been 200 gpd
7 for a mobile home lot, not 300 gpd as alleged by the ISDH (See 327 IAC 3-6-11).

8 The third and fourth items addressed by the ISDH Letter were the locations of the
9 mounds and the water well. The ISDH Letter correctly noted that the mounds and
10 the water well were not located and/or oriented in exact accordance with the plans
11 submitted to the ISDH. The location of mounds and well were slightly changed
12 during construction to accommodate for unforeseen on-site conditions. The
13 changes maintained compliance with any set-back regulations and other laws or
14 rules and did not adversely impact the performance of the Facilities, as evidenced
15 by their performance over the last seventeen (17) years.

16 The ISDH Letter also provided that if River's Edge desired to obtain another
17 construction permit, it had to submit the following to ISDH: (1) as-built plot
18 plans showing the well and mounds sites, and the RV, mobile home, and
19 residential lots; (2) an accurate topographic map of each existing and proposed
20 mound site with the original soil boring locations defined; (3) the number of
21 independent RV camp sites, mobile home sites, and residential lots and the
22 number of bedrooms per existing and proposed home; and (4) revised plans of the

1 mound systems and associated dosing and lift stations. A copy of the ISDH
2 Letter is attached hereto as CS-2.

3 15. Q: DID RIVER'S EDGE PROVIDE THE ISDH WITH THE INFORMATION
4 REQUESTED IN THE ISDH LETTER?

5 A: Yes. We provided the ISDH with the information and plans that we believed were
6 responsive to the ISDH Letter.

7 16. Q: DID THE ISDH EVER RESPOND TO THE INFORMATION AND PLANS
8 SUBMITTED BY RIVER'S EDGE IN RESPONSE TO THE ISDH LETTER?

9 A: Yes, they did. Initially, we had informal communications with representatives
10 from the ISDH regarding what the River's Edge must do to meet the ISDH's
11 demands, including submitting additional information and pursuing a CTA for the
12 utility. We provided the ISDH the information they requested and initiated the
13 process to obtain a CTA; however, the floods of March 1997 caused significant
14 damage to the Development, and the work to obtain the CTA was put on hold.

15 Approximately five (5) years after the ISDH issued the ISDH Letter, and after the
16 ISDH had received the information requested, the ISDH issued another letter
17 dated September 12, 2000 (the "September 2000 Letter"), a copy of which is
18 attached hereto as Exhibit CS-3. The September 2000 letter requested the
19 construction of an additional mound and treatment facilities, required River's
20 Edge to submit an operations manual, and stated that River's Edge obtain a CTA
21 before the ISDH would approve any further plans for new facilities.

1 17. Q: DID RIVER'S EDGE CONSTRUCT THE ADDITIONAL MOUND AND
2 TREATMENT FACILITIES REQUESTED BY THE ISDH IN THE
3 SEPTEMBER 2000 LETTER?

4 A: No, we did not. After receiving the September 2000 Letter, River's Edge again
5 explained to the ISDH exactly how many sites were being served by River's Edge
6 and the usage from the lots over the ten (10) previous years. Based on the actual
7 number of sites and their usage, the additional mound and facilities were
8 unnecessary.

9 18. Q: DID THE ISDH EVER AGREE THAT THE CURRENT MOUNDS AND
10 TREATMENT FACILITIES WERE ADEQUATE TO SERVE THE NEEDS
11 AND INTENDED USE OF THE RESIDENTIAL AND CAMPGROUND
12 AREAS?

13 A: Yes, it did. As evidence of the ISDH's agreement that River's Edge's existing
14 Facilities were adequate, I would point to the Office of Utility Consumer
15 Counselor's ("OUCC") prefiled testimony in Cause No. 42234. Beginning on
16 page 5, line 16 of the testimony of Roger A. Pettijohn, Mr. Pettijohn testified that
17 he had spoken with the ISDH who, in turn, indicated no problems or concerns
18 regarding the adequacy or operational authority of River's Edge. Mr. Pettijohn
19 specifically testified:

20 Q: IS THE MOUND SYSTEM ADEQUATE FOR THIS
21 DEVELOPMENT?

1 A. Yes, according to the conversations I have had with Ed Miller
2 at the Indiana State Department of Health (ISDH). He also asked
3 that I check the mounds and mound area for wet spots (a possible
4 sign of failure) and solids build-up in the dosing stations and lift
5 stations. I did so and observed no problem areas.

6 Based on my conversations with, and the information provided by the
7 ISDH (as confirmed by Mr. Pettijohn's testimony), the ISDH agreed that
8 the Facilities adequately serve the needs of both the Residential and
9 Campground Areas. It is important to point out that Mr. Pettijohn's
10 testimony was given in December 2002, more than two (2) years after the
11 ISDH issued the September 2000 Letter. Thus, it is reasonable to
12 conclude that River's Edge, at that time, had complied with ISDH's
13 demands and satisfied any concerns the agency may have previously had.

14 19. Q: WERE YOU AWARE OF THE ISDH LETTER AT THE TIME OF YOUR
15 TESTIMONY IN CAUSE NO. 42234?

16 A: Yes, I was.

17 20. Q: SINCE THE CONSTRUCTION APPROVAL HAD BEEN WITHDRAWN BY
18 THE ISDH AND YOU WERE AWARE OF THAT FACT, PLEASE EXPLAIN
19 YOUR TESTIMONY IN CAUSE NO. 42234 INDICATING THAT RIVER'S
20 EDGE HAD APPROVAL TO OPERATE AND WHICH CITED THE
21 CONSTRUCTION APPROVAL WHICH HAD BEEN CANCELLED BY THE
22 ISDH.

1 A: As mentioned above, the Construction Approval served as a construction permit.
2 My understanding was, and is, that once the ISDH granted the construction
3 permit, River's Edge has approval to operate any facilities constructed under that
4 permit. The plans originally submitted to the ISDH and subject to the
5 Construction Approval were somewhat oversized. Had River's Edge constructed
6 all of the mounds allowed under the permit to allow for extra capacity, the
7 resulting costs would have required River's Edge to charge incredibly high rates
8 to its customers. Instead, River's Edge decided to build only those facilities
9 allowed under the permit that would provide adequate water and sewer service to
10 the Development while keeping rates at a reasonable level to sustain the utility
11 and allow the Development to grow in accordance with the contemplated uses –
12 i.e. residential and campground. In 1990, we completed construction of the
13 Facilities as they exist today. The ISDH revoked the Construction Approval
14 approximately five (5) years after we had completed construction. As discussed
15 above, the ISDH Letter did not indicate that River's Edge no longer had the
16 authority to *operate* the utility, but only made allegations regarding the
17 construction of the Facilities and the Development, some correct and some
18 incorrect, and set forth the requirements for obtaining another construction permit.
19 In spite of the ISDH Letter, we believed, and still believe, that we had only lost
20 the authority to construct additional facilities, but still had authority to operate the
21 Facilities that had been lawfully constructed under the Construction Approval
22 prior to its revocation by the ISDH. Therefore, I testified in Cause No. 42234 that
23 River's Edge had obtained all necessary approvals to operate the Facilities as they

1 existed, which was true. The fact that the ISDH had withdrawn the Construction
2 Approval only impacted River's Edge's ability to construct additional facilities,
3 which had no relevance to Cause No. 42234. Accordingly, I did not testify
4 regarding the ISDH Letter. My testimony was not intended, in any way, to
5 mislead the Commission.

6 It is also important to note that in Cause No. 42234, the OUCC witness, Mr.
7 Pettijohn, testified that he had communicated with Mr. Ed Miller of the ISDH
8 regarding River's Edge and its Facilities. Based on Mr. Pettijohn's testimony,
9 Mr. Miller did not tell Mr. Pettijohn that River's Edge did not have the current
10 approval to operate its Facilities. Instead, Mr. Miller informed Mr. Pettijohn that
11 the mound system was adequate for serving the Development's needs. This was
12 consistent with my understanding of the ISDH's position at the time of my
13 testimony in Cause No. 42234 – i.e. that the ISDH agreed that the existing
14 mounds and treatment system were adequate to serve the Development and that
15 River's Edge had the approval to run the utility.

16 21. Q: ARE YOU AWARE THAT ANOTHER ISSUE IN THIS MATTER
17 CONCERNS CERTAIN CAMPGROUND LOT OWNERS WHO NOW
18 DESIRE TO CONSTRUCT PERMANENT, STICK-BUILT HOMES IN
19 THE CAMPGROUND AREA.

20 A: Yes, I am.

1 22. Q: HAS RIVER'S EDGE APPROVED SEWER AND WATER SERVICE
2 FOR ANY SUCH PERMANENT STRUCTURE IN THE
3 CAMPGROUND AREA?

4 A: No. For such permanent structures, Indiana law requires River's Edge to
5 allocate more than three times the capacity currently allotted for a
6 campground lot. The existing Facilities are not designed to handle such an
7 increase in daily wastewater flow. Since the Facilities do not have the
8 capacity to accept the increased wastewater flow, River's Edge is not
9 currently able to serve the proposed permanent, stick-built structures.

10 23. Q: PLEASE EXPLAIN YOUR STATEMENT THAT THE EXISTING
11 MOUNDS AND TREATMENT FACILITIES DO NOT HAVE THE
12 CAPACITY TO ACCEPT THE INCREASE IN WASTEWATER FLOW
13 CAUSED BY A PERMANENT, STICK-BUILT HOME IN THE
14 CAMPGROUND AREA.

15 A: As I mentioned, the Facilities were constructed to accommodate the
16 limited permanent residential development in the Residential Area and
17 seventy-six (76) campground sites in the Campground Area. As correctly
18 noted by the OUCC's expert witness Roger Pettijohn in Cause No. 42234,
19 the current mounds and treatment facilities are adequate to serve the
20 contemplated use of the Development. To put this use into terms of
21 capacity and wastewater flow, per 327 IAC 3-6-11, a single-family home
22 in the Residential Area is assessed at 310 gpd, campground sites in the

1 Campground Area are assessed at 100 gpd, and mobile home lots in the
2 Campground Area at 200 gpd. Therefore, per the contemplated use of the
3 lots in the Development, a majority of the lots would be assessed at 100
4 gpd as a campground site with a few as mobile home lots at 200 gpd.
5 Only seventeen (17) lots located in the Residential Area would hook into
6 the Facilities and be assessed at 310 gpd. The Facilities were constructed
7 with sufficient capacity to accommodate these uses, and Mr. Pettijohn's
8 testimony verifies that the existing mounds and treatment facilities
9 adequately provide wastewater treatment service to the Development.

10 Now, if permanent, stick-built homes are built on campground lots, each
11 lot with a permanent home be assessed a daily wastewater flow of 310 gpd
12 as a single-family home under 327 IAC 3-6-11. That is an increase of
13 more than three (3) times the daily wastewater flow for a campground site
14 and more than twice that of a mobile home lot. Clearly, allowing owners
15 in the Campground Area to construct permanent, stick-built homes would
16 quickly result in a situation in which the existing Facilities could not
17 adequately treat the wastewater produced by a single-family home. It
18 follows that River's Edge's policy is to not provide service to any person
19 constructing a permanent, stick-built home in the Campground Area to
20 ensure that the existing mound system continues to have adequate capacity
21 to serve the Development.

22 24. Q: WHAT WOULD HAPPEN IF THE MOUND SYSTEM IS
23 OVERLOADED?

1 A: Basically, the mound system would not effectively treat the wastewater
2 entering the system, thereby allowing untreated wastewater to enter into
3 the environment. Once saturated, the mounds would no longer operate
4 and all of River's Edge's existing customers would be without sewer
5 service.

6 25. Q: HAVE YOU NOTIFIED OWNERS WHO INTEND TO BUILD A
7 PERMANENT, STICK-BUILT HOMES IN THE CAMPGROUND
8 AREA OF THE LACK OF CAPACITY AND THAT RIVER'S EDGE
9 WILL BE UNABLE TO PROVIDE SEWER SERVICE SHOULD THEY
10 BUILD SUCH A STRUCTURE?

11 A: Yes, I have. Presently, the owners of one of the lots in the Campground
12 Area, Mr. and Mrs. James Fugit (the "Fugits"), are actively constructing a
13 permanent, stick-built home on their lot. As evidenced in attached Exhibit
14 CS-4, River's Edge has sent correspondent to the Fugits indicating that
15 River's Edge would not be able to provide sewer service to their
16 permanent home unless the Fugits (and other campground lot owners)
17 entered into a special contract providing for the necessary expansion of
18 River's Edge's facilities.

19 26. Q: HAVE YOU BEEN CONTACTED BY THE FUGITS OR OTHER
20 PROPERTY OWNERS REGARDING A SPECIAL CONTRACT?

21 A: No, I have not.

1 27. Q: DOES THIS CONCLUDE YOUR TESTIMONY?

2 A: Yes, it does.

3 823623_3

EVAN BAYH, GOVERNOR
WOODROW A. MYERS, JR., M.D., STATE HEALTH COMMISSIONER

DIANA STATE BOARD OF HEALTH
1330 WEST MICHIGAN STREET
P.O. BOX 1964
INDIANAPOLIS, IN 46206-1964



INDIANA STATE BOARD OF HEALTH

AN EQUAL OPPORTUNITY EMPLOYER

August 7, 1989

Mr. Dave Stone
Bull Creek Road
New Washington, IN 47162

Dear Mr. Stone:

Re: Plans and Specifications for
Rivers Edge Development
(Subdivision and Campgrounds)
Clustered Septic Systems
Bull Creek Road (Section 57)
Charlestown, Clark County

The plans and specifications for sanitary features of the proposed 27 two-bedroom residences and 76 RV campsites have been reviewed and are hereby approved on this date.

This project includes the construction of six clustered absorption fields, consisting of four fields for the subdivision (Lots 1 through 27) and two for the campgrounds. For the 27-lot subdivision, there is on each lot one 1,000-gallon septic tank followed by a 2-foot diameter lift station with a 45 GPM submersible effluent pump, approximately 14,800 lineal feet of 3-inch force main for Lots 15 through 27 and 2,800 lineal feet of 3-inch force main for Lots 1 through 14, two 12-foot diameter dosing tanks, each with a dose volume of 740 gallons and a quadruplex of 139 GPM submersible effluent pumps, approximately 740 lineal feet total of 4-inch force main from each dosing tank, and four elevated sand mounds with a bed area of 2,625 square feet and a basal area of 8,300 square feet in each mound, encircled by subsurface perimeter drains. For the 27 campsites, there are approximately 2,670 lineal feet of 8-inch sanitary sewer, four 3,000-gallon septic tanks, two 8-foot diameter lift stations with dose volumes of 565 gallons and duplex submersible effluent pumps of 88 GPM in one lift station and 80 GPM in the other, approximately 3,270 lineal feet of 6-inch force main, one 12-foot diameter dosing tank with a dose volume of 846 gallons and quadruplex of 197 GPM submersible effluent pumps, approximately 880 lineal feet total of 4-inch force main from the dosing tank, and two elevated sand mounds with a bed area of 3,198 square feet and a basal area of 11,562 square feet in each mound, encircled by subsurface perimeter drains.

EXHIBIT

tabbles

CS-1

"The health of the people is really the foundation upon which all their happiness and all

pend."
Disraeli

This project also includes the construction of approximately 3,850 lineal feet of 3-inch water line for the campground and 4,150 lineal feet of 3-inch water line for the subdivision connecting to two proposed wells of 4- and 8-inch diameters to be permitted by the Public Water Supply Section of the Indiana Department of Environmental Management.

This approval letter shall act as your construction permit.

This project is approved subject to the following conditions:

1. That construction of the campground and subdivision commence only after approval of the wells and water supply has been received.
2. That the Division of Sanitary Engineering, State Board of Health, 1330 West Michigan Street, Indianapolis, Indiana, be notified at least 30 days prior to the date mound construction is to be undertaken so that a pre-construction conference with the contractor can be arranged (317/693-0177). It is of vital importance to the success of your mound disposal system that the contractor has a complete understanding of mound construction techniques.
3. That disinfection of the wells and water lines follow procedures outlined by applicable American Water Works Association Standards and produce bacteriologically satisfactory water in two successive sets of samples collected at 24-hour intervals before the facilities are released for use.
4. That the construction of these sanitary sewers shall be such as to minimize infiltration and to prevent the entrance of roots. The infiltration or leakage outward shall not exceed 200 gallons per inch of pipe diameter per mile per day for any section of the system.
5. That no change in occupancy or use of the facility served be effected if it would result in wastewater flow on the peak day in excess of 15,700 Gallons Per Day, or if it would result in wastewater being generated of a type incompatible with absorption field disposal. Any such change in occupancy or use may be made only after the board has issued a construction permit for modifications to the subject wastewater disposal facility that will allow it to accommodate increased wastewater flows.
6. That all necessary local permits and approvals be obtained before construction is begun on this project. You are hereby notified that most county and local health departments, and several conservancy districts as well, require that a sewage disposal permit be obtained before construction may begin. The sanitary features of this project must also comply with any additional local health department requirements.
7. That if pollution, health hazards, or nuisance conditions develop or are created, immediate corrective action be taken by the owner.

August 7, 1989

8. That the permittee notify the board and the local health department at least seven days before construction of the approved commercial on-site wastewater disposal facilities is to commence.
9. That plans and specifications for any changes, alterations or additions to this 27-lot subdivision with two-bedroom residences and 76-lot RV campground as herewith approved be submitted and approved prior to such construction.

These plans and specifications were prepared and certified by Mr. Robert L. Isgrigg, P.E., Clarksville, Indiana, and submitted on May 4 and July 17, 1987; February 29, 1988; and February 23, June 5 and 22 and July 12, 1989.

This Approval shall be void if construction is not begun before September 1, 1990.

If you wish to request review of this Approval, you must petition for review in writing, demonstrating that:

1. You are a person to whom the Approval is specifically directed;
2. You are aggrieved or adversely affected by the Approval; or,
3. You are entitled to review under any law.

Your request for review must be filed in writing with the Director, Division of Sanitary Engineering, Indiana State Board of Health, 1330 West Michigan Street, Indianapolis, Indiana 46206, on or before

August 25, 1989

If a petition for review is granted pursuant to IC 4-21.5-3-7, and you are not a party thereto, notices of any prehearing conferences, preliminary hearings, hearings, stays and other Orders disposing of the proceedings may be obtained by sending a request for notice to the Director, Division of Sanitary Engineering, Indiana State Board of Health, 1330 West Michigan Street, Indianapolis, Indiana 46206.

If you do not object to this Approval, you do not need to take any further action.

Very truly yours,

Howard W. Cundiff

Howard W. Cundiff, Director
Division of Sanitary Engineering

ERM/ds

Approval No. GS-4967 ✓

cc: Mr. Robert L. Isgrigg, P.E.
Clark County Health Department
Clark County Plan Commission
General Sanitation Section

Evan Bayh, **SCANNED**
John C. Bailey, M.D., State Health Commissioner

OCT 04 2006

Indiana State Department of Health
1330 West Michigan Street
P.O. Box 1964
Indianapolis, IN 46206-1964
317/633-0100 Fax: 317/633-0776



Indiana State Department of Health

An Equal Opportunity Employer

February 28, 1995

Mr. David Stone
4513 Bull Creek Road
Charlestown, IN 47111

Dear Mr. Stone:

Re: Rivers Edge Development
Subdivision and Campgrounds
Cluster System for the
Septic System
Charlestown, Clark County

On March 18 and April 11, 1994, Mr. David Bokodi of the Indiana State Department of Health conducted surveys of your development. In both surveys, several violations of your approval letter were observed. Therefore, Approval GS-4967, dated August 7, 1989, is revoked for following reasons:

1. There are a combination of 98 mobile home and RV camp sites instead of originally approved 76 RV camp sites as defined in the plans and approval letter (a violation of Condition #9 in the approval letter).
2. Since there are mobile home lots, utilized as permanent residences instead of RV camp sites and even more sites, the peak daily wastewater changes along with the assessment per lot from 100 GPD per site to at least 300 GPD per site. This would violate the originally approved maximum daily wastewater load of 7,600 GPD for the 76 camp sites at 100 GPD per site and could cause their associated elevated sand mounds to fail (a violation of Condition #5 in the approval letter).
3. The installed elevated sand mounds are not located and oriented in accordance with the approved plans. (a violation of Condition #9).
4. Likewise, a water well is not located in accordance with the approved plans (a violation of Condition #9).

"The health of the people is really the foundation upon which all their happiness and all their powers as a state are based."

EXHIBIT

CS-2

Mr. David Stone

-2-

February 28, 1995

In order to obtain a construction permit, the following conditions must be satisfied:

1. As-built plot plan of the well sites, all RV sites within the campground, lots within mobile home park, and subdivision lots along with the layout of all constructed and proposed mounds.
2. A accurate topographic map of each existing and proposed mound site with the original soil boring locations defined.
3. The number of independent RV camp sites, residential mobile home lots, subdivision lots with the number of bedrooms per existing or proposed home specified.
4. Revised plans of the mound systems and associated dosing and lift stations once the design criteria of the existing and proposed mounds has been redefined.

Receipt of this information along with a \$50 (fifty dollar) review fee will be deemed a request for a construction permit, and will result in our review of this project.

If you wish to request a review of this revocation, you must petition for a review in writing, demonstrating that:

1. You are a person to whom the revocation is specifically directed;
2. You are aggrieved or adversely affected by the revocation; or
3. You are entitled to a review under any law.

Your request for a review must be filed in writing with the Manager, Sanitary Engineering, Indiana State Department of Health, 1330 West Michigan Street, Indianapolis, Indiana, 46206-1964, on or before March 18, 1995.

If petition for review is granted pursuant to IC 4-21.5-3-7, and you are not a party thereto, notices of any prehearing conferences, preliminary hearings, hearings stays, and other Orders disposing of the proceedings may be obtained by sending a request for notice to the Manager, Sanitary Engineering, Indiana State Department of Health, 1330 West Michigan Street, Indianapolis, Indiana, 46206-1964.

Mr. David Stone

-3-

February 28, 1995

If you do not object to this revocation, you do not need to take any further action.

Sincerely,


DURLAND H. PATTERSON, MANAGER
SANITARY ENGINEERING

ERMiller

cc: Clark County Health Department
Clark County Plan Commission
Margaret Voyles
David M. Bokodi
Environmental Health

Frank L. O'Bannon
Governor

Richard D. Feldman, M.D.
State Health Commissioner



Indiana State Department of Health

An Equal Opportunity Employer

September 12, 2000

Mr. David Stone
River's Edge Development
4513 Stoneview drive
Charlestown, IN 47111

Dear Mr. Stone:

Re: Revised Plans and Specifications
River's Edge Development
Subdivision and Former Campgrounds
Cluster Systems for Septic Systems
Charlestown, Clark County

We have reviewed the information submitted, including the as built plans, since the revocation of septic system on February 28, 1995. Plans and specifications were changed from the originally approved plans without approval from our office. Please submit revised plans and specifications to incorporate the following comments into the future revised plan submittal:

1. The as built plans submitted on April 3, 1996, did not provide one-foot contours in the areas where the mounds for the subdivision and campgrounds area are located. Since the orientation of the mounds and their locations for their associated cluster systems have been changed (the subdivision cluster mound location on the as-built plans were switched with the location for the mounds for the campground from where they were located in the original approved plans), the one-foot site contours and soil borings must be included on the site plan for each of the absorption field locations on the plans.
2. The as built plans indicated that the lot boundaries for both the subdivision and the campground areas have been redefined from what was originally approved in the plans on August 7, 1989, (77 sites now in the as built campground area from 76 sites and 51 lots now in the as built residential area from 27 lots). The usage within the campground area change from sewerer RV sites to residential lots. This changes the wastewater assessment from 100 GPD per RV site to 200 GPD for each residential lot for some of the sites. Since 45 lots were sold for residential living of the 77 sewerer sites in the campground cluster system, the wastewater load for these lots would be 9,000 GPD (Gallons Per Day) at 200

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GPD per lot. The wastewater load for the remaining 32 RV sewer sites would be 1,600 GPD at 50 GPD per RV site. Thus, the new design wastewater load for this combined residential and campground cluster system would be 10,600 GPD. One additional mound must be added to the existing cluster of two mounds to meet the new design wastewater load for the combination campground/residential cluster system.

- a. Plans and specifications for this new mound must be reviewed and approved by our office prior to construction (see enclosed design technical data sheets for the new mound).
 - b. Two additional dosing pumps must be added to the campground dosing chamber for the two additional beds in the new mound. Each bed in the three mounds would be dosed sequentially.
 - c. The dose volume per pump cycle would be 442 gallons plus drain back.
3. Additional septic tanks must be added to the collection system to provide the necessary detention time for a wastewater load of 10,600 GPD.
- a. In order to have a detention time within the septic tanks of 48 hours for the wastewater flow from an area, two approved 3,000-gallon septic tanks must be installed in front of the existing 3,000-gallon septic tank on the east side of Lift Station #1 for Lots #1 through #16, #18, #19, #21, #22, #29, and #29 that are residential lots. Two approved 4,000-gallon septic tanks must likewise be installed in front of the existing 3,000-gallon septic tank on the west side of Lift Station #1 for the remaining 23 residential lots and 31 RV sites to the West. See enclosed list of approved septic tanks.
 - b. Please ensure that a sealed access to the surface is installed for each new septic tank. The tanks and sewer connections must be sealed water tight to prevent groundwater and surface water intrusion.
4. The 4-inch force main from Lift Station #2 could be extended directly to Lift Station #1 rather than remain connected to the manhole at Lots #78 and #79. This would help to avoid part of the greater detention capacity requirement through installing the additional septic tanks west of Lift Station #1. In order to evaluate the amount of required detention, the residential lots and RV sites must be designated on the site plan west of Lift Station #1.
5. Please indicate on revised plans which lots within the subdivision residential cluster system have homes built on them. From the submitted as built plans, there are a total of 51 lots (#200 through #236 and #200a through #213a). Only 23 lots for stick built homes (Lots #222 through Lot #200) will be connected to the existing mound cluster system. Lots #223 through #236 will have an

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Individual septic system for each home while Lots #200a through 213a are not buildable lots. Please indicate the number of bedrooms within each existing home connected to residential cluster system. The original septic system for the cluster of homes was designed to handle a total of 27 two-bedroom homes. Since there is only one mound that is built out of a possible four mounds for this residential cluster system, the existing mound has a capability of handling 3,150 GPD for a maximum of 26 bedrooms at 120 GPD per bedroom or 13 homes with two-bedrooms each.

6. Although a homeowners association documents were submitted for the cluster systems, you must go through the Office of Consumer Council and the Indiana Utility Regulatory Commission to become a utility since you are selling water to the customers in both your subdivision cluster and campground/residential cluster systems and have septic systems in commonality for both clusters of homes. We will not approve revised plans for both cluster septic systems unless we have received documentation from both the Office of Consumer Council and the Indiana Utility Regulatory Commission that you have completed this process.
7. Since you have retained ownership of the septic cluster systems, you must also submit an operations manual on how the septic systems are to be maintained and monitored. See enclosed example of an addendum to a homeowners association organization document.

If you have any questions regarding these comments, please contact Mr. Edward Miller at AC 317/233-7186.

Very truly yours,



HOWARD W. CUNDIFF, P.E., SUPERVISOR
PLAN REVIEW
SANITARY ENGINEERING

ERMiller
Enclosures

cc: Mr. Robert L. Isgrigg, P.E., Bob Isgrigg & Associates, Inc.
Mr. Curt Gassert, Utility Consumer Counselor
Mrs. Kathy Lovan
Clark County Health Department
Clark Plan Commission
Environmental Health

**BOSE
McKINNEY
& EVANS LLP**

ATTORNEYS AT LAW

July 5, 2006

J. Christopher Janak

Downtown Office

Direct Dial (317) 684-5249

Direct Fax (317) 223-0249

E-Mail: jjanak@boselaw.com

VIA REGULAR & CERTIFIED MAIL

River's Edge Homeowners Association
P.O. Box 12
Charlestown, IN 47111

Re: Notice Regarding Sewer and Water Service for Proposed Homes
in Campground Area

Dear River's Edge Homeowners Association:

I am writing on behalf of River's Edge Utility, Inc. ("Utility") regarding the availability of sewer and water service for the proposed homes in the campground area ("Campground") of the River's Edge development. As you know, the lots in the Campground were sold for primarily seasonal RV and camping use. It is my understanding that the homeowners association for this area ("Association") has now voted to expand the use of the lots in the Campground by constructing "stick-built" homes. Based on my conversations with the Utility, the Association is moving forward with construction of the new homes without obtaining the approval of or consent from the Utility.

As you may know, the Utility has obtained permits or certificates from the State of Indiana authorizing the Utility to construct and operate sewer and water facilities to serve a select group of customers in and around the Campground. When obtaining and receiving the necessary approvals, the Utility agreed to serve, and set aside sufficient capacity for, the sewer and water flows anticipated from the Campground. Based on Indiana law (i.e. 327 IAC 3-6-11), each lot within the Campground had an anticipated daily sewer (and water) flow of one hundred (100) gallons. If, however, the Association were to move forward with its plans to construct stick-built homes on the Campground lots, the daily usage would increase by more than 300% to three hundred ten (310) gallons per day.

While the capacity of the Utility's water facilities is certainly a problem, the glaring concern is the capacity of the sewage disposal system. The Utility provides sewage treatment service by operating a mound system. As the Indiana State Board of Health will attest, the Utility's mound system does not have capacity to treat the additional sewage that will be generated by the proposed homes and, unfortunately, there is no additional ground upon which to construct the necessary "mounds" or expanded

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North Office • 600 East 96th Street • Suite 500 • Indianapolis, Indiana 46240 • (317) 684-5300 • Fax (317) 684-5316
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& EVANS LLP**

ATTORNEYS AT LAW

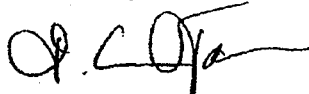
Letter to River's Edge Homeowners Association
July 5, 2006
Page 2 of 2

facilities. Please let this letter serve as notice that with its existing sewer and water facilities the Utility does not have capacity for, and cannot provide service to, the proposed homes in the Campground.

Due to the Utility's lack of capacity to serve the 300% increase in flows from the proposed homes, any connection of the proposed homes would overload the Utility's sewer and water systems and create a condition that is dangerous and hazardous to life, physical safety, and the environment. Based on this very real threat, the Utility will not allow you to connect the proposed homes to its sewer and water systems without an agreement from the Association and its members to pay all the costs of constructing additional water and wastewater facilities with sufficient capacity to serve the new expanded use. Alternatively, the Utility is willing to release the Association and its individual members from the Utility's Certificate of Territorial Authority ("CTA") so that the Association can construct its own sewer and water facilities or seek sewer and water service from another provider.

Please contact me at your earliest convenience to discuss these options. I look forward to hearing from you.

Sincerely,



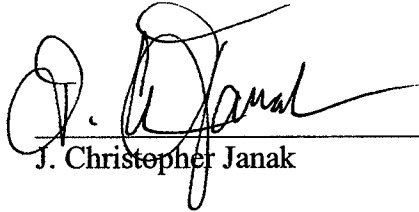
J. Christopher Janak

JCJ/lab

CERTIFICATE OF SERVICE

The undersigned hereby certifies a copy of the foregoing document has been served upon the following via electronic mail this 8th day of December, 2006:

Office of Utility Consumer Counselor
N501 Indiana Government Center North
100 North Senate Avenue
Indianapolis, Indiana 46204



J. Christopher Janak

Bose McKinney & Evans LLP
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